

Patterson, Vidak look to blunt cap-and-trade plan that likely will raise gas prices

By John
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A controversial plan to lower greenhouse gases could raise the cost of gasoline in California — starting Jan. 1. The big question is how much.

The nonpartisan state Legislative Analyst's Office says that gas-price increase could range from 13 to 50 cents per gallon by 2020, but critics say it could be much higher, possibly reaching 76 cents a gallon. There's no authority that can say for certain what the increase will be.

Fearing the worst, two central San Joaquin Valley Republican legislators on Monday introduced legislation that would kill the plan, which will add transportation fuels to the state's cap-and-trade program.

But in the Democratic-dominated state Legislature, the bills are given little chance of success.

Even a more modest proposal earlier this year by Assembly Member Henry T. Perea, a Fresno Democrat, failed — and it had the support of 17 Democrats. Perea's bill would have delayed by three years putting transportation fuels under the cap-and-trade program. Perea this year is trying again with a new bill to address the long-term effect that the gas tax will have.

So far, no Democrats have signed on as co-sponsors for either Assembly Bill 23, sponsored by Fresno Republican Jim Patterson, or the companion Senate Bill 5, introduced by Hanford Republican Andy Vidak.

"It's a tough road, no question about that," Patterson said of his bill. "But the more we dig into this, the more we see the consequences of it that the proponents have not thought out."

In mid-October, Patterson, along with the Fresno and Clovis chambers of commerce, held an educational forum on the statewide economic impacts of the proposal. Most importantly, they say it will be a sticker shock for the state's drivers, because polling shows nearly 70% of them are unaware of the looming change and potential gas price increase.

Detractors say it will also be bad for business.

For instance, Steve Ward, legislative analyst for the Clovis Unified School District, says student services would have to be reduced to pay for the increased fuel costs. For Clovis Unified, in 2015 the increased fuel costs could run from \$31,000 to more than \$144,000. By 2020, that cost could exceed \$185,000 annually.

Joel Nelsen, president of California Citrus Mutual, an Exeter-based citrus growers lobby, said before the forum that fuel costs to the citrus industry would increase, conservatively, by more than \$2.5 million. On the high side, it would be \$12 million. Either way, it would put California citrus growers at a competitive disadvantage, he said.

Patterson said it will even hit law enforcement, which might have to cut back on fuel for patrol cars or helicopters and other air services to save money.

California's cap-and-trade program is part of Assembly Bill 32, the state's 2006 emissions-reducing law. It requires industries to buy pollution allowances for carbon they release into the air. Next year, transportation fuels will be added to the program.

At this point, Perea said there is likely no way to stop the addition of transportation fuels to the cap-and-trade program. So he's trying to look ahead with a new bill of his own introduced Monday — Assembly Bill 21.

Perea said that AB 32 is scheduled to expire in 2020, and there is already talk of extending it. His AB 21 does just that — pushing the bill's sunset to 2030.

The bill lacks specifics, Perea said, but would put him and other moderate Democrats at the table when the details of the extension are hammered out. When that is done, Perea said, he hopes to take “a more judicious approach” that looks at AB 32's impact on consumers, small businesses and the state's low-income residents. This would not only include transportation fuels, but other greenhouse gas reduction efforts that were part of AB 32.

“We know that energy policies are driven by climate change,” Perea said. “We know the (Brown) administration and (the Legislature's) leadership support that. Knowing that, the question for us is the cost to business and consumers.”

As Perea moves forward with his bill, so do Patterson and Vidak.

Patterson said any fuel-price increases will make it hard for California residents looking to work their way out poverty or middle-class families looking to make ends meet.

“It seems like this is a tax on everybody in the state of California by another means,” Patterson said. “This is a serious matter that we think deserves a serious hearing.”

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